

REFERENCE TITLE: institutional investor; definition

State of Arizona
Senate
Fifty-second Legislature
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2016

SB 1006

Introduced by
Senators Farnsworth D, Begay, Farley; Shooter; Representatives Boyer,
Cobb, Lawrence, Norgaard, Petersen, Thorpe, Townsend

AN ACT

AMENDING SECTION 6-971, ARIZONA REVISED STATUTES; RELATING TO COMMERCIAL
MORTGAGE BANKERS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 6-971, Arizona Revised Statutes, is amended to
3 read:

4 6-971. Definitions

5 In this article, unless the context otherwise requires:

6 1. "Affiliate" means an entity that directly or indirectly, through
7 one or more intermediaries, controls, is controlled by or is under common
8 control with the specified entity.

9 2. "COMMERCIAL BUSINESS PURPOSE LOAN" MEANS A LOAN THAT HAS A
10 COMMERCIAL BUSINESS PURPOSE AND THAT MAY BE DIRECTLY OR INDIRECTLY SECURED BY
11 A MORTGAGE, DEED OF TRUST OR ANY LIEN INTEREST ON A PROPERTY THAT IS
12 ESTABLISHED WITH THE PROPERTY OWNER'S CONSENT.

13 ~~2-~~ 3. "Commercial mortgage banker" means a person who engages in the
14 following:

15 (a) Originating commercial mortgage loans.

16 (b) Servicing commercial mortgage loans.

17 (c) Either directly or indirectly making, negotiating or offering to
18 make or negotiate commercial mortgage loans.

19 ~~3-~~ 4. "Commercial mortgage loan" means a loan that is directly or
20 indirectly secured by a mortgage or deed of trust or any lien interest on
21 commercial property and created with the consent of the owner of the
22 commercial property.

23 ~~4-~~ 5. "Commercial mortgage loan closing" means the day by which all
24 documents relating to the commercial mortgage loan have been executed and
25 recorded and all monies have been accounted for under the terms of the escrow
26 instructions.

27 ~~5-~~ 6. "Commercial property" means real estate that is located in this
28 state and that is not used for a one to four family residence.

29 ~~6-~~ 7. "Compensation" means anything of value or any benefit including
30 points, commissions, bonuses, referral fees, loan origination fees and other
31 similar fees but excluding periodic interest resulting from the application
32 of the note rate of interest to the outstanding principal balance remaining
33 unpaid from time to time.

34 ~~7-~~ 8. "Institutional investor" means a person who in the regular
35 course of business makes commercial mortgage loans ~~of more than two hundred~~
36 ~~fifty thousand dollars~~ OR COMMERCIAL BUSINESS PURPOSE LOANS that are funded
37 exclusively from the institutional investor's own resources.

38 ~~8-~~ 9. "Investor" means a person who directly or indirectly provides
39 monies to a commercial mortgage banker that are, or are intended to be, used
40 to make a loan, and any person who purchases a loan, or any interest in a
41 loan, from a commercial mortgage banker or in a transaction that has been
42 directly or indirectly arranged or negotiated by a commercial mortgage
43 banker.

44 ~~9-~~ 10. "License" means a license issued under this article.

45 ~~10-~~ 11. "Licensee" means a person who is licensed under this article.

1 ~~11.~~ 12. "Own resources" means any of the following:

2 (a) Cash, corporate capital, warehouse credit lines at commercial
3 banks, savings banks or savings and loan associations or other sources that
4 are liability items on the person's financial statements.

5 (b) Correspondent contracts between the commercial mortgage banker and
6 an institutional investor, bank, savings bank, trust company, savings and
7 loan association, credit union, profit sharing or pension trust, consumer
8 lender or insurance company.

9 (c) The person's affiliates' cash, corporate capital, warehouse credit
10 lines at commercial banks or other sources that are liability items on the
11 affiliates' financial statements for which the affiliates' assets are
12 pledged.

13 ~~12.~~ 13. "Servicing commercial mortgage loans" means collecting
14 payments at a location in this state on commercial mortgage loans, including:

15 (a) Principal.

16 (b) Interest.

17 (c) Trust items such as hazard insurance premiums, taxes and various
18 reserves on an obligation under the terms of the obligation.

19 (d) Operational procedures covering accounting, bookkeeping,
20 insurance, tax records, loan payment follow-up, delinquency loan follow-up,
21 loan analysis and property valuation.